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# Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY BONN
TO SECSTATE WASHDC 9887
INFO USMISSION USBERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

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E.O. 11652: N/A
TAGS: EAIR, PGOV, WB, GW, UK, FR
SUBJECT: CIVAIR: BRITISH AIRWAYS (BA) APPLIES FOR
BERLIN SUPER-APEX FARE

REF: A) BONN 6577 B) USBERLIN 0777 C) USBERLIN
0724

SUMMARY: BRITISH AIRWAYS HAS FORMALLY APPLIED TO THE ALLIED CAAS FOR APPROVAL OF A SUPER-APEX FARE FROM BERLIN WITH A REQUEST FOR "PROVISIONAL APPROVAL" UNTIL CAAS FINAL DECISION. US CAA PREPARED TO GIVE US "PROVISIONAL APPROVAL" PENDING FINAL DECISION ON PAN AM BUDGET FARE. DEPARTMENT COMMENTS REQUESTED. END SUMMARY

1. IN A LETTER DATED JUNE 29, UK CAA IN BONN INFORMED US AND FRENCH CAAS THAT BA HAS FORMALLY FILED A SUPER-APEX FARE BERLIN-USA VIA LONDON WITH THE ALLIED CAAS AND SEEKS THEIR APPROVAL. CITING PAN AM'S CURRENT SUPER-APEX AND BUDGET SERVICES FROM BERLIN, BRITISH AIRWAYS SEEKS IMMEDIATE "PROVISIONAL" APPROVAL OF ITS FARE. UK CAA ALSO INFORMED AVIATION OFFICE OF FRG

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FOREIGN MINISTRY OF BA APPLICATION AND OF REQUEST FOR PROVISIONAL STATUS.

2. BA'S SUPER-APEX FARE PROPOSAL WOULD BE LOWER THAN PAN AM'S CURRENT BERLIN SUPER-APEX FARE AND HIGHER THAN THE US CARRIER'S BUDGET ONE. BA'S BERLIN-USA FARE WOULD BE COMPOSED OF THE BERLIN-LONDON GROUP 10 IT

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FARE OF DEUTSCHMARK (DM) 240, PLUS THE SUPER-APEX LONDON-US FARE. FOR EXAMPLE: BERLIN-LONDON-NEW YORK ROUNDTRIP WOULD BE DM 967 IN THE HIGH SEASON; PAN AM'S HIGH SEASON SUPER APEX FARE FOR THE SAME ROUTE IS DM 1108 AND ITS BUDGET FARE DM 785.
3. BA STATES IT HAS NO INTEREST IN MATCHING PAN AM'S BUDGET FARE, NOTING THAT IT PROVIDES AN UNACCEPTABLY LOW YIELD. THE UK CARRIER CLAIMS IT CAN SECURE A RETURN SIMILAR TO PAN AM WITH LOWER SUPER APEX FARES BECAUSE ITS OPERATING COSTS ARE LOWER, I.E., SALES WILL BE CONFINED TO THE DAILY NON-STOP BERLIN/LONDON SERVICE.

4. THE US CAA EXPECTS TO APPROVE BA'S PROVISIONAL APPLICATION. ALTHOUGH THE CAA'S PROVISIONAL APPROVAL OF THE BA SUPER-APEX FARE MAY CAUSE FURTHER IRRITATION AMONG AIRLINES OFFICIALS AT THE FRG TRANSPORT MINISTRY, THE PRINCIPLE OF RECIPROCITY, THE DESIRE TO PROVIDE BERLIN WITH LOW COST, REASONABLE AIR FARES, AND THE PAN AM BUDGET FARE APPLICATION NOW PENDING WITH THE CAAS, ARGUE FOR APPROVAL.

5. US CAA DISCUSSED BA FARE WITH FOREIGN MINISTRY OFFICER, WHO HAD INFORMED TRANSPORT MINISTRY (MOT) OF BA REQUEST. OFFICER SAID UK APPLICATION MADE NEED FOR BCTAG MEETING MORE URGENT NOW. HE DESCRIBED THE LIMITED OFFICIAL USE

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FOREIGN MINISTRY AS BEING CAUGHT BETWEEN THE "BERLINERS" WHO WANT LOW AIR FARES AND THE TRANSPORT MINISTRY, WHICH IS TAKING A "HARD LINE."

6. COMMENT: CURRENT US-FRG BILATERAL AIR NEGOTIATIONS MAKE THE MOT AVIATION DIVISION RELUCTANT TO ENCOURAGE LOWER-THAN-FRG FARES IN BERLIN. YET AS TIME PASSES AND THE PAN AM BERLIN BUDGET FARE CONTINUES TO BE NOT DISAPPROVED, THE AVIATION DIVISION FINDS ITSELF MORE AND MORE IN A DIFFICULT POSITION VIS A VIS OTHER FRG INTERESTS AND MINISTERIES. THE BA APPLICATION ADDS FURTHER IMPEDIMENTS TO THE DIVISIONS HARD LINE; ONCE PROVISIONAL APPROVAL IS GIVEN BY THE CAAS, THE DIVISION WOULD THEN BE OPPOSING"IMPROVED" BERLIN SERVICES BY TWO ALLIED CARRIERS.

7. ACTION REQUESTED: DEPARTMENT COMMENTS.

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# Message Attributes

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**Decaption Note:**
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